

TRANSACTION FUNDED ELECTRONIC GOVERNMENT SERVICES

CONTRACT WITH MONTANA INTERACTIVE OVERVIEW

For the

INFORMATION TECHNOLOGY BOARD MEETING

SEPTEMBER 8, 2016

- **Provision of eGovernment Services History**

- Created statutorily through 2-17-1101 – 1104, MCA. This statute originally established the Electronic Government Advisory Council, with transfer to Information Technology Board being done in 2015 by Legislature. (Current law is attached.) Among other items, the statute indicates for the following:
 - Department shall provide a single point of entry for electronic eGovernment services to achieve a single face of government
 - Department shall set technology standards for eGovernment services
 - Department may charge a convenience fees and may allow private entities to collect the convenience fees on selected eGovernment services in order to provide funding for the support and furtherance of eGovernment services.
- Contracts awarded in 2001 and again in 2011 to Montana Interactive (MI) as a result of competitive Request for Proposals being issued.
 - Contract administered by Department of Administration
- MI is subsidiary of NIC, Inc.
- NIC, Inc. currently supports 30 other States, of which Montana was 13th State to partner with NIC

- **Cooperative Purchasing - Participants MI Supports – End of Year 2015 Status Report from MI**

- 28 State agency
- University System – UM Montana Tech-Butte, University of Montana-Missoula, UM College of Technology – Helena, and UM-Western - Dillon campuses
- 29 Local Government Entities – 5 Cities and 24 Counties

- **Options of eGovernment Service Funding**

- Transaction Funded
 - No legislative appropriations involved in most projects
 - No money has to be paid by participating entities
 - Funding comes from convenience fees (also called transaction fees) on services offered with a fee
 - Convenience fees added to existing state statutory or rule fees for service
 - Convenience fees are generally on business services
- Self-Funded
 - Services are provided and maintained at no cost
- Agency Funded - Time and Materials
 - Services are developed based on an hourly rate. MI matches the rate used by the state, which is significantly lower than the average market rate. (currently \$103.00)
- Hybrids
 - Combination of the above (for example Time and Materials with combination of Self-Funded)

- **Type of Bank Electronic Processing Fees**

- MI uses an average percentage rate in an attempt to keep the cost to customers as low as possible. Although electronic processing fees are subject to change, MI has not altered the average rate charged in most services since the start of the contract in 2001.
- Credit and debit card – Per Transaction
 - \$0.25 Bank Merchant fee
 - 1.995% fee for Visa, MasterCard, and Discover, or 2.15% fee for American Express
- Electronic Check
 - \$1.00 per electronic check

- Fees can be passed on to customer, or absorbed by the agency
- **What does MI provide to the State through this contract?**
 - eGovernment infrastructure
 - Hardware (located in State's data centers)
 - Software
 - Security Infrastructure and 24/7 Monitoring
 - Compliance with Payment Card Industry (PCI) standards and mandates
 - ePass Montana – Single Federated Access to the State's eGovernment Services
 - Electronic Payment Processing Portal
 - Financial Reporting and Reconciliation
 - SABHRS accounts receivable reporting – also reporting for reconciliation
 - Development of Services
 - Marketing assistance of Montana.gov and associated eGovernment services
 - Help desk support – email, phone, live chat
- **How is the convenience fee (transaction fee) revenue spent?**
 - Reinvestment back into the State of Montana
 - Helena-based office and local team dedicated to serve MT
 - Ongoing expenses of the eGovernment infrastructure
 - Self-Funded Services (no cost services)
 - Enhancements to existing services as well as ongoing maintenance services
 - Return on NIC, Inc.'s initial and ongoing investments (resources to support accounting, human resources, legal, NIC shared services, such as the NIC Payment Engine, Security efforts, etc. for example)
- **How are convenience fees established?**
 - If a fee is collected by a government entity, then a convenience fee applies. This convenience fee is negotiated between the government entity and MI
 - The transaction fee is typically \$1 in the majority of services offered, however, this fee can vary based upon the service being offered and customer based being served
 - A higher transaction fee is assessed when the market supports such a fee for the services being delivered.
 - Business services typically have a higher convenience fee
 - Convenience fee is discussed and negotiated for each service. Discussions include the agency in question, MI.
 - DOA is available to assist with the fee discussion, if necessary, as they are with any aspect of the project and/or contract.
 - Revenue goes into the Self-Funded model and assists with the reinvestment into the State in the form of maintaining existing and the delivery of new eGovernment services and the related infrastructure.
- **Project Ranking – Priority criteria established by the eGovernment Advisory Council**
 - The attached eGovernment Services Project Prioritization is followed by MI to determine project priorities.
 - Takes into consideration such things as Customer benefits, customer population and demand for service, agency efficiencies and effectiveness, resources, etc.
- **Why was this model of contract selected for the State through the competitive process?**
 - Less of an appropriation issue when implementing eGovernment services
 - New investments are not tied to the budget cycle
 - Can implement services quickly
 - eGovernment Services can have a common look and feel across agencies, to include: common button names, compliant with disability standards, assistance buttons, demonstration within service, and approved footer format
 - Outsourcing the operations, but state maintains control of the content and the policies
 - State can share services developed in other states
 - See <http://Montana.gov> and select "Online Services"

- **What are the notable contract terms and conditions?**

- Current effective date of MI Contract was January 1, 2011 and has been renewed through December 31, 2017
- Can be renewed through December 31, 2020.
- Non-exclusive for eGovernment Services
- Exclusive for use of the State's Payment Portal for online electronic payments and ePass Montana
- Work order procedure, as well as other processes such as: Change Request, Enhancement Request, Testing, and Acceptance sign-off
- All data ownership remains with the State
- MI personnel must follow all state laws, procedures, and policies which includes security considerations
- Hardware is housed in the State's Helena SMDC and disaster recover in Miles City SMDC
- Transition period if contract is terminated
- Political subdivisions have an opportunity to participate in this contract